Civil Legal Services

Special Operating Agency

2000/01 Annual Report

Manitoba Justice

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MINISTER OF JUSTICE
ATTORNEY GENERAL

Room 104
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable Peter M. Liba
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Sixth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ended March 31, 2001.

Respectfully submitted,

Gord Mackintosh
Minister of Justice
Attorney General

Manitoba

Deputy Minister of Justice
and Deputy Attorney General

Room 110
Legislative Building
Winnipeg MB R3C 0V8

July 27, 2001

The Honourable Gord Mackintosh
Minister of Justice
Attorney General
Room 104 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Sixth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ending March 31, 2001.

The results of the 2000/01 fiscal year indicate that Civil Legal Services (CLS) has operated successfully and effectively by focusing on client service. The results also indicate that the advantages of SOA status, including the flexibility to hire staff as required to provide service levels appropriate to client demand, the ability to plan on a long term basis, the ability to acquire new equipment and the benefits that accrue from the acquisition and use of such equipment, have assisted CLS in sustaining the provision of high quality legal services to its clients and in recovering the full cost of its operations.

The Advisory Board is pleased with the continued success of CLS and encouraged by the commitment of its employees and the support of its clients.

All of which is respectfully submitted,

Bruce A. MacFarlane, Q.C.
Deputy Minister of Justice
Deputy Attorney General

Manitoba 2000
Our Past, Our Future, Our Celebration.
Notre passé. Notre avenir. Notre fête.

Manitoba

Justice

Civil Legal Services SOA

Room 730
Woodsworth Building
405 Broadway
Winnipeg MB R3C 3L6
CANADA

July 27, 2001

Foreward

It is with great pleasure that I present the Sixth Annual Report of the Civil Legal Services (CLS) Special Operating Agency.

This report provides an overview of CLS and outlines its accomplishments during its sixth year (2000/01) as a Special Operating Agency (SOA).

The members of CLS are committed to prcviding timely, quality, helpful, efficient and cost effective legal services that meet the needs of its clients.

The results described in this annual report reflect the commitment and cooperation of all members of CLS.

Tom G. Hague
Director

1. PROFILE OF CIVIL LEGAL SERVICES

1.1 Civil Legal Services

The role of Civil Legal Services ("CLS") flows from the constitutional and statutory[1] responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government's agencies, boards and committees and some Crown corporations.

1.2 Special Operating Agency Status

CLS remains a branch within the Department of Justice of the Province of Manitoba and is accountable to the Deputy Minister and Minister for operational and financial performance. As a special operating agency, CLS operates outside of the Consolidated Fund and under the Special Operating Agencies Financing Authority ("SOAFA"), which holds title to CLS's assets, provides financing for operations and is responsible for CLS's liabilities. Accountability is supported by CLS's compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration policies and *The Special Operating Agencies Financing Authority Act* (*"The SOAFA Act"*).

The increased management authority and more rigorous planning and reporting requirements afforded by special operating agency ("SOA") status have assisted CLS in sustaining the provision of high quality legal services to its clients.

[1]The statutory basis for the Minister's responsibility is set out in sections 2 and 2.1 of *The Department of Justice Act*, C.C.S.M. c. J35.

2. MISSION, OPERATING PRINCIPLES AND CRITICAL SUCCESS FACTORS

2.1 Mission of CLS

CLS's mission is to provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services.

2.2 Operating Principles

CLS's mission and goals are supported by the following operating principles:

(a) service is customer focused;

(b) service is cost-effective;

(c) a commitment to the highest standards of service.

2.3 Critical Success Factors of CLS

Factors critical to the success of CLS are:

(a) providing timely, high quality, helpful, efficient, cost-effective legal services that meet the needs of its clients;

(b) determining its effectiveness in meeting its clients' needs;

(c) identifying better ways to meet its clients' needs for legal services;

(d) improving communication between CLS and its clients and communication within CLS;

(e) improving job satisfaction; and

(f) developing means to assist staff to work as effectively as possible to satisfy changing client needs and to make adjustments to deal with increasing work loads, deadlines and the pressure of reduced resources.

3. COST RECOVERY BY CIVIL LEGAL SERVICES

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients. While a number of provinces and the federal government have been looking at the issue of cost recovery for in-house legal services, CLS remains the only government legal services office in Canada to operate on this basis.

On April 1, 1995, CLS commenced operation as a Special Operating Agency.

In fiscal year 2000/01, clients were billed at the rate of $105.00 per hour[2] for services provided by CLS counsel, being the amount required to cover all of CLS's costs and break even. All of CLS's costs are covered by this hourly rate, including salaries, operating costs (including rent) and employee benefits (including pension benefits).

The CLS cost recovery system operates in a fashion similar to billing systems used by private law firms. Time spent by counsel in providing services is billed in increments of one-tenth of an hour. Each counsel keeps a daily record of time for services provided, indicating the client for whom the work was performed, the file on which work was performed, a brief description of the service provided and the amount of time expended. In fiscal year 2000/01, clients were provided with detailed statements of account showing the services provided on each file on a monthly basis.

Payment arrangements are negotiated with CLS clients annually.

[2]This is an increase of $4.00 per hour over the rate of $101.00 per hour which was charged in 1999/2000. In 1995/96, 1996/97 and in 1997/98, clients were billed at the rate of $97.00 per hour.

4. LEGAL SERVICES

4.1 CLS Services

CLS provides a full range of legal services in the following areas:

(a) Aboriginal Law;

(b) Access and Privacy Law;

(c) Administrative Law;

(d) Civil Litigation;

(e) Constitutional Law

(i) assisting the Constitutional Law Branch in some cases involving the application of the *Canadian Charter of Rights and Freedoms* and in Aboriginal self-government issues; and

(ii) providing advice on the constitutional division of powers and taxation issues;

(f) Contracts and Agreements;

(g) Conveyancing;

(h) Corporate and Commercial;

(i) Information Technology Law;

(j) International Law;

(k) Legal Opinions and Advice;

(l) Legislative and Policy Development (which occasionally includes drafting legislation);

(m) Prosecution of Provincial Statute Offences; and

(n) Training and Education.

4.2 Use of Outside Counsel

CLS provides most, but not all, civil legal services to government and its agencies. In appropriate circumstances, at the request of a client, outside counsel is retained by the Department of Justice, through CLS.

The current policy respecting the circumstances when outside counsel are retained provides considerable flexibility in meeting the clients' needs. At the request of a client, the Department of Justice, through CLS, will continue to retain outside counsel on a case by case basis where:

(a) the type of legal service required involves a degree of specialization which is not ordinarily available within CLS;

(b) the nature of the matter creates a conflict of interest for government legal counsel;

(c) it is more cost-effective to retain outside counsel; or

(d) the matter is of such magnitude that it would not be possible for CLS to provide the services while continuing to meet the needs of other clients.

5. STRUCTURE OF CIVIL LEGAL SERVICES

5.1 Staff

As of March 31, 2001, CLS staff consisted of:

- 1 director
- 30 legal counsel *(24 in regular positions and 6 in term positions)*
- 1 administrative officer
- 20 administrative assistants *(12 in regular positions and 8 in term positions)*
- 1 financial officer
- 1 accounting clerk
- 2 articling students

Fluctuations in the number of legal counsel and administrative assistants occurred frequently during the course of 2000/01. During the year, four legal counsel and three administrative assistants were on maternity leave each for varying lengths of time. One legal counsel did not return to CLS at the end of the maternity leave having accepted a secondment opportunity within the government.

CLS supports flexible work arrangements to accommodate the balancing of career and family. During 2000/01, seven legal counsel and six administrative assistants worked part time.

5.2 Key Personnel

All members of CLS are key personnel and are committed to using their best efforts to advance the CLS mission of providing timely, high quality, helpful, efficient and cost-effective client-focused services. The provision of legal services requires a strong knowledge of the law and government issues as well as a high degree of collaboration, cooperation and consultation among members of CLS and with other counsel in the Department of Justice. All members have demonstrated these skills. They have also worked extremely hard to meet the service and operational goals of CLS.

Members of CLS are encouraged and given support to upgrade their skills.

5.3 Organization of Counsel

Legal counsel are divided into three teams, each headed by a team leader.

One team is designated as the litigation team and the members of this team perform most of the CLS litigation work. Litigation coming into the office is generally assigned to counsel by the litigation team leader. The second team consists of counsel whose area of practice is primarily corporate/commercial law and information technology work. The third team, the Crown law team, consists of counsel who provide a wide range of legal services.

The only legal position dedicated to management is that of Director. All counsel, including the Director, provide legal services to clients. Most counsel are assigned to provide legal services to one or more client departments or agencies. The larger clients are served by more than one counsel.

5.4 Administration

The day to day operations of CLS are managed by the Director, who reports directly to the Assistant Deputy Minister of Justice.

Within CLS, the "Action Committee" deals with administrative and other matters affecting its operations. The Action Committee consists of the Director, six legal counsel, the Financial Officer, the Administrative Officer and two administrative assistants and generally meets on a monthly basis.

All members of CLS are expected to do what is necessary to meet client needs. They are given information and authority needed to provide clients with timely and appropriate services.

6. ADVISORY BOARD

The Director provides plans and reports to the Advisory Board established under the CLS Operating Charter for review and consultation. The Advisory Board members are appointed by the Minister of Justice and the Board is chaired by the Deputy Minister. The Board's role is to provide advice to CLS on its direction, the provision of services, its structure and on its mandate, business practices and financial reporting requirements.

In fiscal year 2000/01, the members of the Advisory Board were:

(a) the Deputy Minister (ex officio) - Chairperson;

(b) the Assistant Deputy Minister (ex officio);

(c) the Director of CLS (ex officio);

(d) Client Representatives:

- Hugh Eliasson, Deputy Minister, Industry, Trade and Mines;
- Marlene Zyluk, Registrar of Motor Vehicles and Assistant Deputy Minister of Driver and Vehicle Licencing, Highways and Government Services;

(e) Representative of the Members of CLS:

- Lynn Romeo, General Counsel;

(f) External Representatives:

- Calvin Buss, Audit Partner, Deloitte & Touche;
- Don Martin, President, Burrows Lumber Inc.

7. CIVIL LEGAL SERVICES CONTACTS

Tom G. Hague, Director
Phone: (204) 945-2846

Maria Ducharme, Financial Officer
Phone: (204) 945-2956

Kim Nicholson, Administrative Officer
Phone: (204) 945-0303

Glenn McFetridge, Team Leader/General Counsel
Phone: (204) 945-2843

Gail Mildren, Team Leader/General Counsel
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Lynn Romeo, Team Leader/General Counsel
Phone: (204) 945-2845

Civil Legal Services SOA
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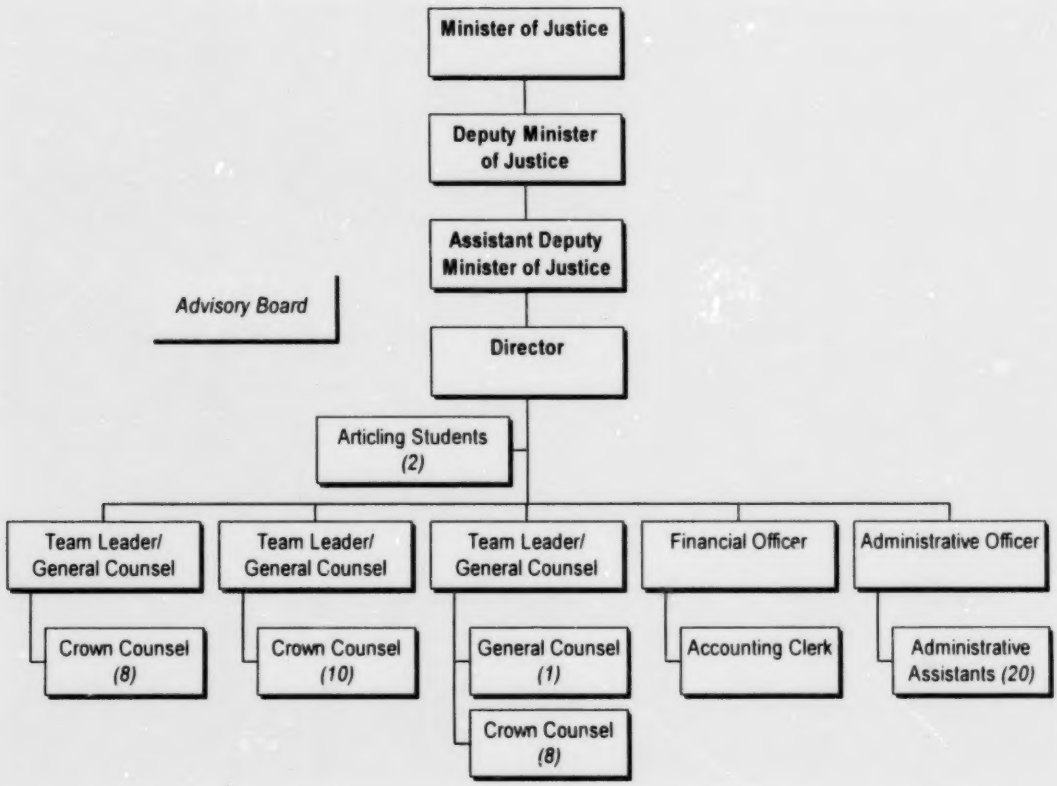
730 - 405 Broadway
Winnipeg MB R3C 3L6
Fax: (204) 948-2041 / (204) 948-2826

8. CIVIL LEGAL SERVICES ORGANIZATION CHART 2000/01



9. PERFORMANCE INDICATORS AND ACHIEVEMENTS

In the 2000/01 CLS Business Plan, CLS established the following performance indicators for the year which set achievement levels for CLS.

9.1 Client Satisfaction

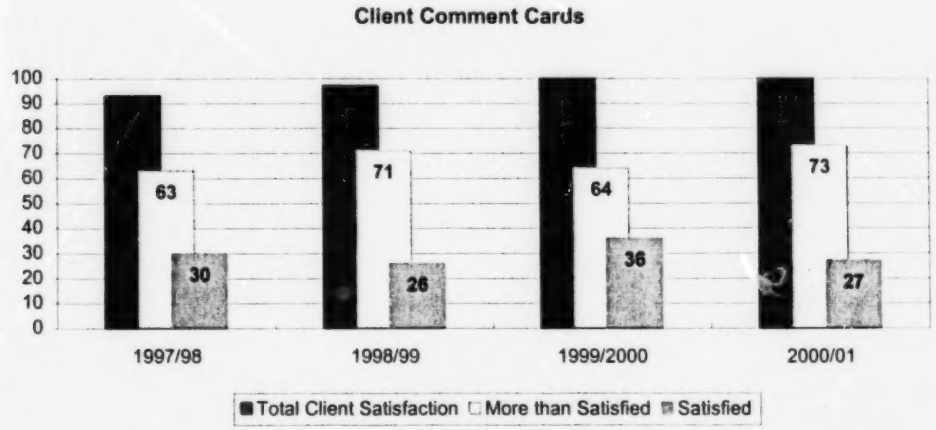
Performance Indicator: Meetings with clients to discuss service.
Performance: Meetings completed.

Over the 2000/01 fiscal year, the Director of CLS met with the Deputy Ministers and/or representatives of CLS's client departments and representatives of its Crown corporation clients to discuss the commitment of CLS to providing client-focused, high quality services; the services provided and the benefit of those services to the client; the cost-effective nature of the services; and client concerns and issues.

Performance Indicator: ***Use Client Comment Cards to regularly solicit client feedback as to their level of satisfaction.***

Performance: ***Client Comment Cards distributed.***

Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain ongoing feedback. The feedback continues to be very positive with 73% of clients responding to the Client Comments Cards in 2000/01 indicating that they were more than satisfied and 27% of the clients responding indicating that they were satisfied with the services provided.



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Performance Indicator: ***Review of Service Standards.***
Performance: ***Service Standards reviewed.***

The CLS Service Standards were established in 1995/96, and have been reviewed regularly. Service standards are needed to ensure client satisfaction with the services provided and to assure the ongoing maintenance of a high standard of service delivery. CLS Service Standards are designed to ensure that CLS will continue to provide clients with a service which they value by providing a measure by which the quality of the legal services provided by CLS may be judged by those receiving the services (the client) and others, and by providing the staff of CLS with objective standards to be observed in carrying out their responsibilities.

There was nothing in the feedback from clients in 2000/01 to suggest that any amendment was required in the CLS Service Standards. Accordingly, CLS determined that no change to the Standards was necessary.

Performance Indicator: ***Educational seminars for clients on current legal issues and developments.***

Performance: ***Members of CLS were directly involved in providing or presenting at a variety of seminars.***

CLS counsel were involved in providing a number of seminars, presentations and training sessions, including the following:

Seminars & Presentations

Client/Participant	Topic/Issue
Clean Environment Commission	Hearing Process
Conservation	Contract Management - Legal Considerations in the Procurement Process
Government Access & Privacy Coordinators	*The Electronic Commerce & Information Act*
Highways & Government Services - Motor Transport Board	Administrative Law Principles & Jurisdiction of the Motor Transport Board
Human Rights Commission	Workers Compensation System
Industry, Trade & Tourism - Canada Manitoba Small Business Office	E-Commerce Legislation
Justice - Crown Prosecutors	*The Freedom of Information & Protection of Privacy Act &The Personal Health Information Act*
Justice - Judges & Masters	Law at Lunch - E-Commerce Legislation
Justice - QB Justices	Law at Lunch - *The Victim's Bill of Rights*
Manitoba Labour Board	Judicial Review and Recent Court Developments
Manitoba Liquor Control Commission - Board of Commissioners	Administrative Law
Manitoba Liquor Control Commission - Licencing Board	Overview of Administrative Law Principles and Jurisdiction of the Licencing Board
Office of the Fire Commissioner - MB Association of Fire Chiefs	Legal Issues Within the Fire Service
Residential Tenancies Branch	Natural Justice and related issues

Workshops & Training Sessions

Client/Participant	Topic/Issue
Human Rights Commission	Report Writing, Legal Principles and Interview Techniques for Investigations
Human Rights Commission	Case Conferences to keep staff up to date on developments in the law, cases of interest, etc.
Office of the Fire Commissioner	Legal Issues for Building Inspectors and Fire Inspectors
Office of the Vulnerable Persons' Commissioner	Training for Hearing Panels under *The Vulnerable Persons Living with a Mental Disability Act*
Government Access & Privacy Coordinators	Question & Answer Sessions - *The Freedom of Information & Protection of Privacy Act &The Personal Health Information Act*

Performance Indicator: ***Educational seminars for clients on current legal issues and developments.***

Performance: ***Members of CLS were directly involved in providing or presenting at a variety of seminars.***

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Human Rights Commission	Workers Compensation System
Industry, Trade & Tourism - Canada	E-Commerce Legislation
Manitoba Small Business Office	
Justice - Crown Prosecutors	*The Freedom of Information & Protection of Privacy Act &The Personal Health Information Act*
Justice - Judges & Masters	Law at Lunch - E-Commerce Legislation
Justice - QB Justices	Law at Lunch - *The Victim's Bill of Rights*
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Government Access & Privacy Coordinators	Question & Answer Sessions - *The Freedom of Information & Protection of Privacy Act &The Personal Health Information Act*

Performance Indicator: ***Publish three information bulletins.***
Performance: ***Three information bulletins published.***

In order to inform its clients on significant legal issues and related matters of interest, CLS published two information bulletins on Manitoba's *Freedom of Information and Protection of Privacy Act* -- Part 2: Protection of Privacy and Part 3: Review of Decisions, Complaints, Offences, etc. -- as well as an information bulletin on Government Liability.

9.2 Job Satisfaction

Performance Indicator: ***Act on results of the Second Job Satisfaction Survey.***
Performance: ***Addressed primary concern of overcrowding.***

During 2000/01, CLS continued focussing on the issue of overcrowding as it was cited as a primary concern in the March 1998 Job Satisfaction Survey.

In June 2000, the Constitutional Law Branch was relocated to the 12th Floor of the Woodsworth Building, which facilitated CLS in acquiring additional space on the 7th floor. While the acquisition of this space alleviated some of the overcrowding, CLS continues to be adversely affected by a shortage of adequate space. CLS expects to be able to access planned additional space with the move of the Family Law Branch from the 7th floor of the Woodsworth Building; however, Government Services has advised that it is uncertain as to when CLS will be able to access this space.

Performance Indicator: ***Focus on use of CLS Annual Staff Review Process.***
Performance: ***Staff reviews conducted.***

Implemented in 1997/98, the review process with respect to the members of CLS is intended to facilitate achieving the Mission of CLS and to contribute to the benefits identified as flowing from the Review Process, including: improving communication within CLS, clarifying roles and expectations, improving job satisfaction, assisting with career planning and training, and assisting the members of CLS to work as effectively as possible.

9.3 Fiscal Performance

Performance Indicator: ***Break even on operations.***
Performance: ***CLS recovered the cost of operations with a larger surplus than was budgeted for.***

Performance Indicator: ***To meet daily average billable hour target of 6.1 hours per billable day over the year.***
Performance: ***Target exceeded.***

The daily average billable hour target per lawyer of 6.1 hours per billable day during 2000/01 was exceeded. These results reflect a very high level of productivity on the part of the members of CLS.

10. PERFORMANCE MEASUREMENT

Performance measurement outcomes for staffing, client service, client satisfaction and cost savings are attached as Appendix A.

10.1 Cost Effectiveness

(In Thousands)

(a) Annual Cost Savings

The cost recovery for legal services was introduced as a budget reduction measure. Unlike the approach taken with respect to the recovery of rental costs by Government Services, the client departments of CLS were not given any additional funding to cover the cost of legal services. This means that the amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government.

Following this approach, the total savings from April 1, 1995, to March 31, 2001, are $19,533.

(b) Net Income

As CLS operates very cost effectively, such that each year it has recovered an amount that exceeds its annual operating costs, the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year in effect is another way of calculating a cost savings as those funds are collected by CLS from clients but not expended. Looking at savings in this fashion, the annual net income of CLS each year could be considered to be a government cost saving.

Total savings to March 31, 2001, are $ 1,846.

(c) Revenue Sharing

A third way of calculating cost savings to government would be to include revenue sharing payments from the retained earnings of CLS paid to government. In 1998/99, CLS made a $400 revenue sharing payment to the government and in 1999/2000, CLS contributed $500. In 2000/01, CLS was directed to budget for a $500 payment towards revenue sharing.

Total savings to March 31, 2001, are $1,400.

11. FINANCIAL

(In Thousands)

11.1 Summary

Financial highlights from the 2000/01 fiscal year are given below:

($ Thousands)	Actual 1999/2000	Actual 2000/01	Budget 2000/01	% Variance
Recoveries	*$ 3,600*	*$ 4,155*	*$ 4,064*	*2.2%*
Other Income	*48*	*44*	*45*	*(2.2%)*
Income before Expenses	**3,648**	**4,199**	**4,109**	**2.2%**
Expenses				
Advertising and Promotion	*5*	*6*	*5*	*20.0%*
Amortization	*25*	*31*	*38*	*(18.4%)*
Communications	*34*	*38*	*34*	*11.8%*
Computer	*38*	*37*	*37*	*0.0%*
Desktop Management Initiative	*189*	*208*	*211*	*(1.4%)*
Law Society Dues	*32*	*36*	*34*	*5.9%*
Law Cases Disbursement Fund	*24*	*0*	*0*	*0.0%*
Miscellaneous	*2*	*5*	*3*	*66.7%*
Occupancy	*114*	*150*	*187*	*(19.8%)*
Office	*48*	*49*	*48*	*2.1%*
Postage and Deliveries	*12*	*11*	*12*	*(8.3%)*
Professional Fees and Services	*59*	*45*	*54*	*(16.7%)*
Publications	*16*	*15*	*17*	*(11.8%)*
Equipment Rental	*4*	*4*	*4*	*0.0%*
Travel	*27*	*27*	*26*	*3.8%*
Wages and Benefits	*2,975*	*3,092*	*3,276*	*(5.6%)*
Total Expenses	**3,604**	**3,754**	**3,986**	**(5.8%)**
Net Income	**44**	**445**	**122**	**264.7%**
Retained Earnings, beginning of year	*957*	*501*		
Revenue Sharing	*-500*	*-500*		
Retained Earnings, end of year	**$ 501**	**$ 446**		

11. FINANCIAL

(In Thousands)

11.1 Summary

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Retained Earnings, beginning of year	*957*	*501*		
Revenue Sharing	*-500*	*-500*		
Retained Earnings, end of year	**$ 501**	**$ 446**		

As a special operating agency, the financial statements of CLS have been prepared in accordance with generally accepted accounting principles using the accrual method whereby all revenues and costs of operation have been accrued.

11.2 Income

CLS's net income for the 2000/01 fiscal year is $445 (264.7% over budget), which is attributable to:

(i) strong demand for legal services;

(ii) counsel exceeding their billable hour targets; and

(iii) the ability of Civil Legal Services, through use of its staffing flexibility, to sustain a level of service appropriate to client demand.

11.3 Expenses

Total expenses for CLS to March 31, 2001, are $232 (5.8%) under budget. This is attributable to:

(a) Wages and Benefits

Wages and benefits are below the budgeted amount by $184 (5.6%) in 2000/01 due mainly to the budgeted amount for pension benefits being based on 8.49% of salary dollars but only 5.80% was expensed. An actuarial evaluation report was recently completed. The report calculated the pension liability on an indexed basis and provided a formula to update the liability on an annual basis. As at March 31, 2001, the Province has assumed responsibility for administering the pension liability. The amount expensed equals the employee contributions to the Civil Service Superannuation Fund and CLS will continue to "match" these contributions.

(b) Occupancy Costs

Occupancy costs are $27 (19.8%) below budget due to CLS being able to only acquire one area (the Constitutional Law Branch space) on the 7th Floor. CLS had originally planned to acquire the remainder of the 7th Floor (the Family Law Branch space) during the fiscal year but the move has been delayed pending the reallocation of several other areas of the government within the Woodsworth Building.

(c) Amortization

Amortization is $7 (18.4%) under budget attributable to CLS not acquiring the remainder of the 7th Floor space, thus being unable to perform leasehold improvements to renovate this additional space for suitable use.

(d) Professional Fees and Services

Professional Fees and Services are $9 (16.7%) below budget attributable to a reduced amount of assistance and consulting being obtained on the problems associated with the use of SAP and the Desktop Initiative being decreased from the prior year.

APPENDIX A

Performance Measurement

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000*	2000/01
Input Measures	To provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services	32 Full time employees ("FTE") 20 counsel 1 articling student 9 admin assistants 1 admin officer 1 director	35 FTE 21 counsel 1 articling student 11 admin assistants 1 admin officer 1 director	42 FTE 24 counsel 2 articling student 14 admin assistants 1 admin/financial officer 1 director	46 FTE 26 counsel 2 articling student 16 admin assistants 1 admin/financial officer 1 director	53 31 counsel* 2 articling students 16 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director *includes four counsel on maternity leave each for six months of 1999/2000	56 30counsel* 2 articling students 20 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director *includes four counsel and three admin assistants on maternity leave in 2000/01
Output Measures	**Number of hours of service provided**	27,860 hours	27,454 hours	32,455 hours	38,206 hours	39,455 hours	41,716 hours
Activity Measures	Average billable hour target per billable day per counsel	6.5 hours	6.5 hours	6.5 hours	6.5 hours	6.5 hours	6.1 hours
	Average actual billable hours per billable day per counsel	Achieved	Achieved	Achieved	Achieved	Achieved	Achieved
Outcome Measures							
Client Satisfaction	**General Client Survey**	92% of respondents satisfied or more than satisfied**	No survey	93% of respondents satisfied or more than satisfied	No survey	97% of respondents satisfied or more than satisfied	No survey
	Client Comment Cards Introduced in February 1997			93% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied	64% of respondents more than satisfied and 36% of respondents satisfied	73% of respondents more than satisfied and 27% of respondents satisfied

APPENDIX A

Performance Measurement

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000*	2000/01
Input Measures	To provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services	32 Full time employees ("FTE") 20 counsel 1 articling student 9 admin assistants 1 admin officer 1 director	35 FTE 21 counsel 1 articling student 11 admin assistants 1 admin officer 1 director	42 FTE 24 counsel 2 articling student 14 admin assistants 1 admin/financial officer 1 director	46 FTE 26 counsel 2 articling student 16 admin assistants 1 admin/financial officer 1 director	53 31 counsel* 2 articling students 16 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director *includes four counsel on maternity leave each for six months of 1999/2000	56 30counsel* 2 articling students 20 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director *includes four counsel and three admin assistants on maternity leave in 2000/01
Output Measures	**Number of hours of service provided**	**27,860 hours**	**27,454 hours**	**32,455 hours**	**38,206 hours**	**39,455 hours**	**41,716 hours**
Activity Measures	Average billable hour target per billable day per counsel	6.5 hours	6.5 hours	6.5 hours	6.5 hours	6.5 hours	6.1 hours
	Average actual billable hours per billable day per counsel	**Achieved**	**Achieved**	**Achieved**	**Achieved**	**Achieved**	**Achieved**
Outcome Measures							
Client Satisfaction	**General Client Survey**	**92% of respondents satisfied or more than satisfied****	**No survey**	**93% of respondents satisfied or more than satisfied**	**No survey**	**97% of respondents satisfied or more than satisfied**	**No survey**
	Client Comment Cards Introduced in February 1997			93% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied	64% of respondents more than satisfied and 36% of respondents satisfied	73% of respondents more than satisfied and 27% of respondents satisfied

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000*	2000/01
Cost Effectiveness Cost Savings (000's)	**Annual Cost Savings** **The amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government.** **The total savings to March 31, 2001, are $19,533**	$2,702	$2,657	$3,138	$3,281	$3,600	$4,155
	Net Income the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year. Total savings to March 31, 2001, are $1,846	CLS Net Income $524	CLS Net Income $323	CLS Net Income $252 (Restated)	CLS Net Income $258	CLS Net Income $44	CLS Net Income $445
	Revenue Sharing **Total savings to March 31, 2001, are $1,400**				**Revenue Sharing Payment $400**	**Revenue Sharing Payment $500**	**Revenue Sharing Payment $500**

* Figures are taken from the Annual Report for each applicable year.

**CLS uses the results of the 1996 Client Satisfaction Survey as an ongoing baseline and target for client satisfaction.

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*	1999/2000*	2000/01
Cost Effectiveness (Cost Savings ('000's)	Annual Cost Saving The amount charged each year to each client represents a net reduction to the client budget and an on-going budgetary savings to government. The total savings to March 31, 2001, are $19,931	$2,702	$2,657	$3,138	$3,281	$3,600	$4,155
	Net Income the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year. Total savings to March 31, 2001, are $1,846	CLS Net Income $524	CLS Net Income $323	CLS Net Income $252 (Restated)	CLS Net Income $258	CLS Net Income $44	CLS Net Income $445
	Revenue Sharing Total savings to March 31, 2001, are $1,400				Revenue Sharing Payment $400	Revenue Sharing Payment $500	Revenue Sharing Payment $500

* Figures are taken from the Annual Report for each applicable year.

**CLS uses the results of the 1996 Client Satisfaction Survey as an ongoing baseline and target for client satisfaction.

FINANCIAL STATEMENTS

for the year ending March 31, 2001
(In Thousands)

Manitoba

Justice
Civil Legal Services
SOA

Room 730
Woodsworth Building
405 Broadway
Winnipeg, Manitoba CANADA
R3C 3L6

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FAX: (204) 948-2041

File No.
In reply please refer to:
Tom Hague
Chief Operating Officer

Civil Legal Services
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Responsibility of Financial Reporting

The Agency's management is responsible for the financial statements and other financial information in the annual report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and the results of operations in accordance with generally accepted accounting principles. The financial statements have been audited by Magnus & Buffie, Chartered Accountants, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that the transactions are authorized, properly recorded and reported and that the assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this board, and to discuss the results of their audit and their views on the adequacy of internal controls and the quality of the financial reporting.

Tom Hague
Chief Operating Officer

May 16, 2001

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

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MARCH 31, 2001

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AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Civil Legal Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2001 and the statements of earnings and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2001 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles.

The comparative figures were audited by another firm of Chartered Accountants.

Magnus & Buffie

May 16, 2001

CHARTERED ACCOUNTANTS

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET
(in thousands)
MARCH 31, 2001

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and short term deposits	$ 260	$ 355
Accounts receivable	562	306
Term deposits - pension trust	902	-
	1,724	661
DEFERRED CONTRIBUTION - PROVINCE OF MANITOBA (Note 6)	-	126
RECEIVABLE FROM PROVINCE OF MANITOBA (Note 4)	379	379
CAPITAL ASSETS (Note 5)	92	69
TERM DEPOSIT - PENSION TRUST	-	668
TRUST ASSET	7	6
	$ 2,202	$ 1,909
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 156	$ 61
Revenue sharing - Province of Manitoba	250	-
Vacation payable	261	254
Pension payable (Note 6)	767	-
	1,434	315
PENSION LIABILITY (Note 6)	-	802
SEVERANCE LIABILITY(Note 7)	315	285
TRUST LIABILITY	7	6
	1,756	1,408
EQUITY		
RETAINED EARNINGS	446	501
	$ 2,202	$ 1,909

STATEMENT OF EARNINGS AND RETAINED EARNINGS
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
REVENUE		
Recoveries	$ 4,155	$ 3,600
Interest and other	44	48
	4,199	3,648
EXPENSES		
Advertising and promotion	6	5
Amortization	31	25
Communications	38	34
Computer	37	38
Desktop management initiative	208	189
Law Society dues	36	32
Law cases disbursements	-	24
Miscellaneous	5	2
Occupancy	150	114
Office	49	48
Postage and deliveries	11	12
Professional fees and services	45	59
Publications	15	16
Equipment rental	4	4
Travel	27	27
Wages and benefits	3,092	2,975
	3,754	3,604
NET EARNINGS FOR THE YEAR	445	44
RETAINED EARNINGS, beginning of year	501	957
	946	1,001
REVENUE SHARING - PROVINCE OF MANITOBA	500	500
RETAINED EARNINGS, end of year	$ 446	$ 501

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF CASH FLOW
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	$ 445	$ 44
Adjustments for		
Amortization	31	25
	476	69
Changes in non-cash working capital balances		
Accounts receivable	(256)	450
Term deposits - pension trust	(902)	-
Accounts payable and accrued liabilities	95	31
Revenue sharing - Province of Manitoba	250	-
Vacation payable	7	25
Pension payable	767	-
	437	575
FINANCING ACTIVITIES		
Change in pension liability (Note 6)	(802)	329
Change in severance liability	30	32
Revenue sharing - Province of Manitoba	(500)	(500)
	(1,272)	(139)
INVESTING ACTIVITIES		
Capital asset additions	(54)	(19)
Change in term deposits - pension trust	668	(196)
Change in deferred contribution - Province of Manitoba	126	(126)
	740	(341)
CHANGE IN CASH AND SHORT TERM DEPOSITS	(95)	95
CASH AND SHORT TERM DEPOSITS, beginning of year	355	260
CASH AND SHORT TERM DEPOSITS, end of year	$ 260	$ 355

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2001

1. NATURE OF ORGANIZATION

The role of Civil Legal Services ("CLS") flows from the constitutional and statutory responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government's agencies, boards and committees and some Crown corporations.

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients. While a number of provinces and the federal government are currently looking at the issue of cost recovery for in-house legal services, CLS remains the only government legal services office to operate on this basis.

Effective April 1, 1995, CLS was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

CLS is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from CLS operations. It finances CLS through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigourous planning and reporting requirements afforded by Special Operating status, assists CLS to sustain the provision of high quality legal services to its clients.

A Management Agreement between the Financing Authority and the Minister of Justice assigns responsibility to CLS to manage and account for CLS related assets and operations on behalf of the Financing Authority.

CLS continues to be part of Manitoba Justice under the general direction of the Associate Deputy Minister, and ultimately the policy direction of the Deputy Minister and Minister.

CLS remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

CLS is economically dependent on the Province of Manitoba because it derives most of its revenue from the Province and all of its financing requirements through the Financing Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting: The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

Capital Assets: Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Furniture and Fixtures	20% straight line (10% in year of acquisition)
Leasehold improvements	20% straight line

3. FINANCING ARRANGEMENTS

The Special Operating Agencies Financing Authority has provided the Agency with an authorized line of working capital of $500 of which $nil was used at March 31, 2001.

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2001

4. RECEIVABLE FROM PROVINCE OF MANITOBA (Note 7)

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency and severance pay benefits prior to April 1 1998. The balance is comprised of:

	2001	2000
Vacation Entitlements	$ 140	$ 140
Severance Pay Benefits	239	239
	$ 379	$ 379

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2001	Net Book Value 2000
Furniture and Fixtures	$ 135	$ 61	$ 74	$ 58
Leasehold improvements	53	35	18	11
	$ 188	$ 96	$ 92	$ 69

6. PENSION LIABILITY

Employees of the Agency are eligible for pension benefits in accordance with the provisions of The Civil Service Superannuation Act. The Agency has recorded an obligation for the pension benefits earned by its employees from the date of designation as a Special Operating Agency (SOA). The methodology for calculating the liability has been determined in conjunction with the Province of Manitoba (Province), which accepts responsibility for pension liability for prior service, as well as as for any variance resulting from the calculation.

The Agency has invested funds in term deposits with the intention that these funds will be used to meet their pension obligations.

An actuarial valuation report of the Agency's pension liability to its employees from the date of designation as a SOA was recently completed. The report calculated the pension liability as at March 31, 2000 and provided a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarial liability has been calculated on an indexed basis to be $893 as at March 31, 2001 (2000 - $802).

As at March 31, 2001, the Province has assumed responsibility for administering the SOA's pension liabilities. Accordingly, the pension liability net of the deferred contributions from the Province of $126 was reclassified as a current liability. The Agency will transfer funds equal to the net amount to the Province during the year ending March 31, 2002.

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2001

7. SEVERANCE LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The estimate of the liability is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability at April 1, 1998 calculated at $248 was completely offset by a receivable from the Province. There are no fixed terms of payment.

An actuarial valuation report of the Agency's severance as at March 31, 2000 was recently completed. The liability as at March 31, 2000 was restated from $294 to $285 and the receivable from the Province was restated from $248 to $239 as a result of the actuarial valuation. There was no effect on the severance benefit expense for the year ended March 31, 2000. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarial liability has been calculated to be $315 as at March 31, 2001.

8. LEASE COMMITMENTS

The Agency has not entered into a lease agreement with the Province of Manitoba for rental facilities at 405 Broadway. Occupancy charges for the year ending March 31, 2002 are estimated to be $187 (2001 - $150).

The Agency is also leasing computers from the Province of Manitoba under the Desktop Program. The future estimated lease payments as follows:

Year	Amount
2002	$ 224
2003	112
	$ 336

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the classifications used in the current year.

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2001

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds $50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION 2001	2000
I. Allen	Legal Counsel	$ 79	$ -
E. Andres	Legal Counsel	81	77
J. Barak	Legal Counsel	80	52
A. Berg	Legal Counsel	84	83
T. Bjornson	Legal Counsel	61	55
T. Brothers	Legal Counsel	50	-
I. Frost	Legal Counsel	81	80
D. Gisser	Legal Counsel	81	80
M.Goska	Legal Counsel	-	59
D. Guenette	Legal Counsel	56	52
T. Hague	Director	92	91
G. Hannon	Legal Counsel	81	80
B. Jones	Legal Counsel	53	-
J. Kapac	Legal Counsel	80	76
L. Lavoie	Legal Counsel	-	52
D. Lofendale	Legal Counsel	74	73
W. McFetridge	Legal Counsel	84	83
M. McGunigal	Legal Counsel	60	-
G. Mildren	Legal Counsel	84	83
S. Pierce	Legal Counsel	81	80
C. Romeo	Legal Counsel	85	77
D. Seale	Legal Counsel	55	52
A. Stevens	Legal Counsel	-	63
M. Webb	Legal Counsel	74	67
D. Werthman	Legal Counsel	73	66
R. Winters	Legal Counsel	81	80